

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENERGY CORP. FOR)	
APPROVAL OF AN ELECTRIC SERVICE)	CASE NO.
AGREEMENT BETWEEN KENERGY CORP.)	2011-00056
AND KENTUCKY UTILITIES COMPANY)	

O R D E R

On January 26, 2011, Kenergy Corp. ("Kenergy") filed a letter, which the Commission considered to be an application, giving notice of an agreement with Kentucky Utilities Company ("KU") regarding electric service to the Dodge Hill Mining Company, LLC ("Dodge Hill"). Kenergy's filing included a signed agreement between Kenergy and Dodge Hill, as well as a draft copy of a written agreement to be signed by Kenergy and KU.

Dodge Hill operates a coal mine located at 435 Davis Mine Road, west of Sturgis in Union County, Kentucky. The entries to the mine are located in the electric territorial boundary of KU, and KU has provided electric service to the mine for over 10 years. Dodge Hill's mining operations have extended eastward, necessitating the construction of a new air shaft located at 815 Pond Ford Road, Sturgis, Kentucky. The location of the air shaft is within Kenergy's electric territorial boundary.

As set forth in the agreement between Kenergy and Dodge Hill, Kenergy has consented to allow Dodge Hill to construct a temporary three-phase distribution feeder at 12,470 volts from a temporary metering point within KU's territory to the location of the new air shaft. The temporary distribution feeder will be approximately 2,880 feet in

length and is needed for the construction of the air shaft. In addition, Kenergy has consented to allow Dodge Hill to construct a permanent three-phase transmission feeder at 69 kV from KU's permanent metering point within KU's territory to the new air shaft. The new transmission feeder will be approximately 8,060 feet in length, will be located on Dodge Hill's privately owned right of way, and is needed to operate the equipment at the air shaft and in the underground mine.

On July 1, 2011, Kenergy filed a signed agreement with KU regarding electric service to Dodge Hill's new air shaft. That agreement authorizes KU to serve the temporary and permanent feeders to the new air shaft, while providing that the agreement is not intended to affect, alter, or amend the certified territorial boundary of Kenergy or KU. The agreement further sets forth KU's position that the new air shaft is being built for Dodge Hill's existing, continuously operating mine and the air shaft is part of the same electric consuming facility already being served by KU.

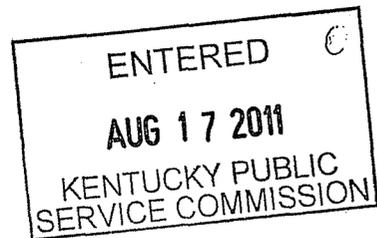
Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that the expansion of an electric consumer's facilities from one certified territory into another territory often creates contentious issues that must be adjudicated under the Certified Territorial Boundary Act, KRS 278.016 to 278.018. Those issues typically involve whether the expansion of an existing consumer's facilities results in a new electric consuming facility and, if so, which electric supplier has the right to serve the new facility. Fortunately, these issues need not be adjudicated here since the two adjacent electric suppliers, Kenergy and KU, and the consumer, Dodge

Hill, have all agreed that KU can continue to serve Dodge Hill by supplying power for its new air shaft.

The Commission finds the agreements to be reasonable and, on that basis, we will approve them. Further, we commend all of the parties for their efforts to amicably resolve what could have been vigorously disputed issues, thereby saving everyone valuable time, effort, and expense.

IT IS THEREFORE ORDERED that the agreement between Kenergy and KU regarding electric service by KU to Dodge Hill's new air shaft, and the agreement between Kenergy and Dodge Hill regarding that same service, are approved.

By the Commission



ATTEST:


Executive Director

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